

Energy Distribution Group Legal

**MSource™**  
Corporate Services

200 Civic Center Drive  
Columbus, OH 43215  
(614) 460.6000  
Fax: (614) 460.6986

February 24, 2005

Ms. Beth A. O'Donnell, Executive Director  
Public Service Commission of Kentucky  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602

RECEIVED

FEB 24 2005

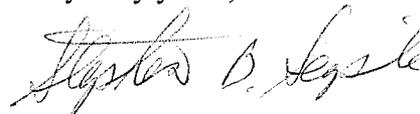
PUBLIC SERVICE  
COMMISSION

Re: **PSC Case No. 2004-00462**

Dear Ms. O'Donnell,

Enclosed for filing with the Commission are the original and nine copies of Columbia Gas of Kentucky's Supplemental to its Application in Case No. 2004-000462. Please call me at (614) 460-4648 should you have any questions about this matter.

Very truly yours,



Stephen B. Seiple  
Lead Counsel

Enclosures

cc: Richard S. Taylor  
Parties of Record

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

**RECEIVED**

**FEB 24 2005**

**PUBLIC SERVICE  
COMMISSION**

In the Matter of: )  
)  
THE APPLICATION OF COLUMBIA GAS )  
OF KENTUCKY, INC. TO IMPLEMENT A )  
NEW SMALL VOLUME GAS TRANSPOR- )  
TATION SERVICE, A GAS PRICE HEDG- )  
ING PLAN, AN OFF-SYSTEM SALES AND )  
CAPACITY RELEASE REVENUE SHARING )  
MECHANISM, AND A GAS COST INCEN- )  
TIVE MECHANISM. )

Case No. 2004-00462

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**SUPPLEMENT TO THE APPLICATION OF  
COLUMBIA GAS OF KENTUCKY, INC.**

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Columbia Gas of Kentucky, Inc. ("Columbia") filed its Application in this docket on November 30, 2004. Since that date Columbia has continued to discuss with CHOICE Program marketers issues associated with the Application. As a result of those discussions, Columbia has agreed to make several revisions to its Application, as set forth below.

**APPLICATION ATTACHMENT A -PROGRAM DESCRIPTION PAGE 13**

The existing established marketer rate codes or billing rates are grandfathered. Each marketer may establish up to five new billing rates at no charge. The number of allowed changes to billing rates in any calendar year should be increased to twenty-four rather than twelve as originally stated. Attached hereto as Attachment 1 is a substitute page 13 to the original Program Description in which the changes are marked, as well as a clean copy of the same page. The clean

copy in Attachment 1 should be substituted for the original page 13 in Attachment A of the Application.

#### **APPLICATION ATTACHMENT B – PROPOSED TARIFFS SHEETS 7a AND 32**

The Off-System Sales Capacity Release Adjustment (“OSCRA”) factor will be applied to the demand component of Columbia’s Gas Cost Adjustment and therefore will be credited to CHOICE Program customers as a credit within the charge to marketers for Balancing Services. This will enable a more accurate comparison for customers between Columbia’s rate and the offers of marketers. The revision will allow the Actual Gas Cost Adjustment specified on Tariff Sheets 32 and 7a to remain in effect for the commodity adjustments with the addition of the Gas Cost Incentive Adjustment. The previously proposed revisions to Sheets 32 and 7a of separate OSCRA language are withdrawn. Substitute Revised Sheets 7a and 32 are attached hereto as Attachment 2, and should be substituted for the original sheets in Attachment A of the Application.

#### **APPLICATION ATTACHMENT E – BALANCING CALCULATION**

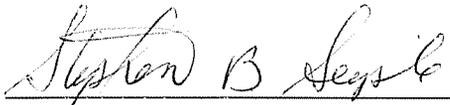
The Balancing Calculation as originally filed was calculated based on expected annual demand contracts and charges. As stated on page 7 of the Application, the balancing service fee will be priced equal to the difference between the cost of assigned capacity and the total demand charge to GCA customers. On January 28, 2005, Columbia filed its quarterly Gas Cost Adjustment to be effective March through May 2005. Substitute Attachment E is attached hereto as Attachment 3, and it updates the cost of assigned capacity and the demand charge to GCA customers to reflect Columbia’s most recent GCA revisions. The updated schedule in Attachment 3 should be substituted for the original Attachment E of the Application.

As noted above, Columbia proposes to apply the OSCRA to the demand component of its GCA. Therefore, the OSCRA would be included in the amount shown on Line 14 of Attachment E. Columbia anticipates that the first OSCRA would be calculated in its September GCA filing.

Dated this 24<sup>th</sup> day of February 2005.

Respectfully submitted,

**COLUMBIA GAS OF KENTUCKY, INC.**

By:   
Stephen B. Seiple  
Lead Counsel

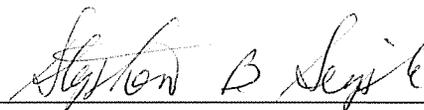
Stanley J. Sagun, Assistant General Counsel  
Stephen B. Seiple, Lead Counsel  
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Telephone: (502) 223-8967  
Fax: (502): 226-6383

Attorneys for  
**COLUMBIA GAS OF KENTUCKY, INC.**

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing Supplement to Application of Columbia Gas of Kentucky, Inc. was served upon those individuals listed in the Service List below by regular U.S. mail this 24<sup>th</sup> day of February 2005.



Stephen B. Seiple  
Attorney for  
**COLUMBIA GAS OF KENTUCKY, INC.**

**SERVICE LIST**

Hon. Elizabeth E. Blackford  
Hon. Dennis G. Howard II  
Assistant Attorneys General  
1024 Capital Center Drive  
Suite 200  
Frankfort, KY 40601-8204

Hon. Joe F. Childers  
201 W. Short Street  
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Hon. James R. Cox  
Cox, Bowling and Johnson PLLC  
8303 Shelbyville Road  
Louisville, KY 40222

Mr. Scott White  
President  
Interstate Gas Supply, Inc.  
5020 Brandenton Ave.  
Dublin, OH 43017

Hon. Leslye M. Bowman  
Hon. David J. Barberie  
Lexington-Fayette Urban County Government  
Department of Law  
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Lexington, KY 40507

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Hon. Bobby Singh  
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Louisville, KY 40202-2812

Ms. Robi Artman-Hodge  
MxEnergy, Inc.  
20 Summer Street  
Stamford, CT 06901

**RECEIVED**

**FEB 24 2005**

**PUBLIC SERVICE  
COMMISSION**

**ATTACHMENT 1**

1. Fixed rate per Mcf provided by the marketer each month, which will be applied to the customer's consumption to determine the applicable charges.)
2. Flat amount per month (a flat amount per month provided by the marketer will establish the applicable charge. Budget Payment Plan customers would not have the gas cost portion adjusted during the year.)
3. Flat reduction to Columbia's bill.
4. Percentage reduction to Columbia's bill.
5. Other options proposed by marketers will be considered by Columbia.

Customers must be grouped by billing option.

#### Charges for Billing Rate Changes

On March 21, 2005, the then effective billing rates of participating marketers shall be grandfathered as established billing rates and subsequent to April 1, 2005, eEvery marketer may establish up to five billing rates without incurring any Columbia charge to establish the marketer's billing rates in Columbia's billing system. In addition, each marketer may make up to two billing rate changes per month, up to a total of ~~twelve~~twenty-four changes in any calendar year, without incurring any Columbia charge to revise the marketer's billing rates in Columbia's billing system. A billing rate change is defined as: 1) a change in an existing marketer billing rate or 2) the establishment of a new marketer billing rate.

If any marketer desires to change more than two billing rates in any given month, or desires to change more than ~~twelve~~twenty-four billing rates in any calendar year, then Columbia shall charge the marketer \$25 for each billing rate change in excess of the billing rate change limits described above. Any such charges will be deducted from the amount of the check that Columbia sends to the marketer for gas commodity.

#### Payment to Marketer

Columbia will issue a check to the marketer by the last business day of the following calendar month for 97.5% of the marketer's revenues from the previous billing month less the cost for billing and any other outstanding balances Marketer owes Columbia. Columbia will thereafter assume the risk of collecting payment for the gas commodity from small volume transportation customers.

#### Cost for Billing

The cost shall be \$.20 per account, per month for Columbia to provide billing for the Marketer. Such fee shall reduce the amount remitted each month to the marketer for its revenues.

1. Fixed rate per Mcf provided by the marketer each month, which will be applied to the customer's consumption to determine the applicable charges.)
2. Flat amount per month (a flat amount per month provided by the marketer will establish the applicable charge. Budget Payment Plan customers would not have the gas cost portion adjusted during the year.)
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#### Cost for Billing

The cost shall be \$.20 per account, per month for Columbia to provide billing for the Marketer. Such fee shall reduce the amount remitted each month to the marketer for its revenues.

## **ATTACHMENT 2**

SUBSTITUTE Revised Sheet No. 7a  
Superceding  
Twelfth Revised Sheet No. 7a

COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

**CURRENTLY EFFECTIVE BILLING RATES**

**RATE SCHEDULE SVGTS**

**Delivery Charge per Mcf**

General Service Residential

First 1 Mcf or less per month	\$ 6.95 (Minimum Bill)
Over 1 Mcf per month	1.8715

General Service Other

First 1 Mcf or less per month	\$18.88 (Minimum Bill)
Next 49 Mcf per month	1.8715
Next 350 Mcf per month	1.8153
Next 600 Mcf per month	1.7296
Over 1000 Mcf per month	1.5802

Intrastate Utility Service

For all volumes per month	\$ 0.038
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Actual Gas Cost Adjustment

For applicable volumes per month	\$ 0.1458
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**RATE SCHEDULE SVAS**

Balancing Charge – per Mcf	\$ 1.0570
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DATE OF ISSUE: November 30, 2004

DATE EFFECTIVE: April 1, 2005

ISSUED BY: Joseph W. Kelly

President

COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

**SMALL VOLUME GAS TRANSPORTATION SERVICE**

**(SVGTS)**

**RATE SCHEDULE (Continued)**

**ACTUAL GAS COST ADJUSTMENT**

Volumes delivered to all customers under this rate schedule are subject to the sum of the Refund Adjustment, SAS Refund Adjustment, Actual Cost Adjustment, Balancing Adjustment and Gas Cost Incentive Adjustment set forth on Sheet 48. A customer who is or has been receiving service under this tariff shall be responsible for this adjustment only for those months of the prior twelve months during which they were served under a sales service tariff.

**LOCAL FRANCHISE FEE OR TAX**

To the extent applicable, the above rates and charges are subject to Local Franchise Fee or Tax as set forth on Sheet No. 52.

**LATE PAYMENT PENALTY**

Late payment penalties shall apply to service under this rate schedule as provided in the General Terms, Conditions, Rules and Regulations, Section 25.

**OTHER PROVISIONS**

Where a Customer has installed a gas light(s) for continuous street or outdoor lighting in lighting devices approved by Company and the gas used by such light(s) is unmetered, the gas consumed by such light(s) shall be assumed to be two thousand (2,000) cubic feet per month when the Btu/hour input rating for such light(s) is 2,700 or less. For each additional 1,350 Btu/hour input or fraction thereof, the assumed consumption shall be increased by one thousand (1,000) cubic feet per month. Such assumed consumption shall be billed under the agreement Customer has with Marketer for metered consumption and shall be added to the Customer's metered usage and the total billed according to the rates contained herein.

**RIGHT OF REFUSAL**

Should Columbia be prohibited from assigning capacity, as specified in its Small Volume Aggregation Service Rate Schedule, for any reason whatsoever, including but not limited to directives from the Commission or any court having jurisdiction over said matters, Columbia shall have the right to refuse to accept new small volume transportation customers under this rate schedule.

**GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS**

Service furnished under this Rate Schedule is subject to Columbia's General Terms, Conditions, Rules and Regulations applicable to all Rate Schedules.

DATE OF ISSUE: November 30, 2004

DATE EFFECTIVE: April 1, 2005

Issued by: Joseph W. Kelly

President

COLUMBIA GAS OF KENTUCKY, INC.

P.S.C. Ky. No. 5

**CURRENTLY EFFECTIVE BILLING RATES****RATE SCHEDULE SVGTS****Delivery Charge per Mcf****General Service Residential**

First 1 Mcf or less per month	\$ 6.95 (Minimum Bill)
Over 1 Mcf per month	1.8715

**General Service Other**

First 1 Mcf or less per month	\$18.88 (Minimum Bill)
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Over 1000 Mcf per month	1.5802

**Intrastate Utility Service**

For all volumes per month	\$ 0.038
---------------------------	----------

**Actual Actual Gas Cost Adjustment**

For applicable volumes per month	\$ 0.1458
----------------------------------	-----------

**RATE SCHEDULE SVAS**

Balancing Charge -- per Mcf	\$ 1.0570
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DATE OF ISSUE: ~~September 4~~ November 30, 2004DATE EFFECTIVE: ~~September 2004 Billing Cycle~~

August 27, 2004 April 1, 2005

ISSUED BY: Joseph W. Kelly

President

Issued by authority of an Order of the Public Service Commission in Case No. 2004-00299 dated August 26, 2004

**COLUMBIA GAS OF KENTUCKY, INC.**

P.S.C. Ky. No. 5

**SMALL VOLUME GAS TRANSPORTATION SERVICE  
(SVGTS)  
RATE SCHEDULE (Continued)**

**ACTUAL GAS COST ADJUSTMENT**

Volumes delivered to all customers under this rate schedule are subject to the sum of the Refund Adjustment, SAS Refund Adjustment, Actual Cost Adjustment, Balancing Adjustment and Gas Cost Incentive Adjustment set forth on Sheet 48. A customer who is or has been receiving service under this tariff shall be responsible for this adjustment only for those months of the prior twelve months during which they were served under a sales service tariff.

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**RIGHT OF REFUSAL**

Should Columbia be prohibited from assigning capacity, as specified in its Small Volume Aggregation Service Rate Schedule, for any reason whatsoever, including but not limited to directives from the Commission or any court having jurisdiction over said matters, Columbia shall have the right to refuse to accept new small volume transportation customers under this rate schedule. ~~as of the end of the ninety (90) day notice period as set forth on Sheet No. 35.~~

**GENERAL TERMS, CONDITIONS, RULES AND REGULATIONS**

Service furnished under this Rate Schedule is subject to Columbia's General Terms, Conditions, Rules and Regulations applicable to all Rate Schedules.

**DATE OF ISSUE:** November 30, 2004

**DATE EFFECTIVE:** April 1, 2005

**Issued by:** Joseph W. Kelly

President

# **ATTACHMENT 3**

**SUBSTITUTE Attachment E**

**Columbia Gas of Kentucky, Inc.**

Calculation of Proportional 100% Load Factor Rate of assigned FTS capacity and Balancing Charge

Line No.	Description	Value
<b>100% Assigned FTS Load Factor Rate</b>		
1	Contracted CKT FTS/SST Capacity, Dth	28,000
2	Contracted TCO FTS Capacity, Dth	20,014
3	Total Contracted City Gate FTS, Dth	48,014
4	Percentage CKT to be Assigned (1 / 3)	58.32%
5	Percentage TCO to be Assigned (2 / 3)	41.68%
6	Monthly Demand Charges, per Dth	
	CKT FTS	\$ 0.516
	TCO SST @ CKT FTS rate	\$ 0.516
	TCO FTS	\$ 5.940
	Gulf FTS-1	\$ 3.145
	TGP FTS-A	\$ 4.6238
7	Annual Demand Charges, per Dth A/	
7a	CKT FTS (5 months)	\$ 2.5800
7a1	TCO SST (7 months)	\$ 3.6120
7b	TCO FTS	\$ 71.2800
7c	Gulf FTS-1	\$ 37.7400
7d	TGP FTS-A	\$ 55.4856
8	Fuel Retention	
8a	CKT FTS	1.000%
8b	TCO FTS	2.565%
9	Proportional Annual Costs	
	CKT FTS (7a * 4)	\$ 1.5046
	TCO SST (7a1 * 4)	\$ 2.1064
	TCO FTS (7b * 5)	\$ 29.7121
	Gulf FTS-1 (7c * 4) / (100% - 8a)	\$ 22.2309
	TGP FTS-A (7d * 5) / (100% - 8b)	\$ 23.7373
10	Total Demand Cost of Assigned FTS, per unit	\$ 79.2913 /Dth \$ 83.6523 /Mcf
11	100% Load Factor Rate (10 / 365)	\$ 0.2292
12	Storage Commodity Cost Credit	\$ 0.1331
13	Net Capacity Assignment Credit (11 - 12)	\$ 0.0961
<b>Balancing Charge</b>		
14	Demand Cost Recovery Factor in GCA, per Mcf per CKY Tariff Sheet No. 5 effective March 2005	\$ 1.1531
15	Balancing Charge, per Mcf (14 - 13)	\$ 1.0570

A/ TCO SST and CKT, together total 12 months.